

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

The Peoples Gas Light and Coke Company	)	
North Shore Gas Company	)	Docket No. 14-0225
	)	Docket No. 14-0224
Proposed General Increase	)	(consolidated)
In Rates for Gas Service	)	

**MOTION TO ADMIT NEW INFORMATION**  
**OF**  
**THE PEOPLE OF THE STATE OF ILLINOIS**

The People of the State of Illinois (“AG” or “the People”), by LISA MADIGAN, Attorney General of the State of Illinois, pursuant to Part 200.190 of the Illinois Commerce Commission’s (“the Commission”) rules, 83 Ill.Admin.Code § 200.190, hereby move to admit new information in the above-captioned consolidated proceeding involving the proposed general increase in rates of the Peoples Gas Light & Coke Company (“Peoples” or “Peoples Gas” or “PGL”) and North Shore Gas Company (“North Shore” or “North Shore Gas” or “NS”) (collectively “the Companies”). The People urge the Commission to admit new information received by the People in ICC Docket No. 14-0496 that directly relates to the Companies’ request to recover in rates more than \$19 million in expenses associated with future costs of the Integrys Customer Experience (“ICE”) project. In support of this Motion, the People state as follows:

1. In the instant docket, the Companies seek the recovery in rates of projected 2015 test-year costs in the amount of more than \$19 million associated with the aforementioned ICE project. The People have challenged the Companies’ forecasted test-year ICE expense amounts

related to non-labor costs and return on asset and depreciation costs. (*See, e.g.*, AG Corrected Initial Brief at 51-55; NS-PGL Initial Brief at 79-81).

2. In Docket No. 14-0496, Wisconsin Energy Corporation, Integrys Energy Group, Inc., Peoples Energy, LLC, Peoples Gas, North Shore, ATC Management Inc., and American Transmission Company LLC (“Joint Applicants”) are seeking Commission approval of a reorganization of the Companies under Section 7-204 of the Public Utilities Act.<sup>1</sup> In that docket, the Joint Applicants, which as noted above include both Peoples Gas and North Shore, provided a response to data request AG 3.05 (the “Response”) with a Confidential Attachment 1<sup>2</sup>, on October 22, 2014, following the completion of the evidentiary hearings and filing of the Initial Briefs in the instant Docket Nos. 14-0224/0225 (cons.). The Response and Attachment 1 detail how future costs of the ICE<sup>3</sup> project will be incurred. Although the Joint Applicants declined to indicate the name of the sponsoring individual in their Response, Attachment 1 on page 2 shows the name of Lisa Gast, who is a witness for PGL and NS (PGL Ex. 2.0; NS Ex. 2.0; NS-PGL Ex. 18.0; NS-PGL Ex. 34.0) in the instant proceeding. As detailed below, the information shown on the Attachment 1 to the Response differs significantly from information provided by the Companies in the instant consolidated docket. Because future costs associated with the ICE project are at issue in determining the test-year revenue requirement in the instant consolidated docket (*see, e.g.*, AG Corrected Initial Brief at 51-55; NS-PGL Initial Brief at 79-

---

<sup>1</sup> The Joint Applicants’ Application states, “The reorganization for which approval is requested here is the agreement by Wisconsin Energy to acquire 100% of the outstanding common stock of Integrys to create a new holding company – WEC Energy Group, Inc. (“WEC Energy Group”) – that will wholly own PELLC and the Gas Companies and own a majority interest in ATC (the “Reorganization”). Peoples Gas and North Shore will continue to exist and operate as Illinois public utilities with operational headquarters in downtown Chicago and Waukegan, respectively, as they did prior to the Reorganization, but as wholly-owned indirect subsidiaries of WEC Energy Group.” Docket No. 14-0496, Joint Applicants’ Application, August 6, 2014.

<sup>2</sup> The Response and its Attachment 1 are included as Exhibit A to this motion.

<sup>3</sup> ICE is a consolidated Integrys Business Support software system for customer support, scheduled to go into service in 2015. PGL Ex. 13.0 at 9; NS Ex. 13.0 at 9; Staff Initial Brief at 35.

81), it is imperative that the Commission have the most accurate information in the evidentiary record with respect to this issue, particularly if information originally furnished by the Companies was not accurate.

3. Attachment 1 to the Response shows on page 1 that return on investment and depreciation related to the ICE investment [REDACTED], while the Companies' response to Staff Data Request DLH 5.07, Attachment 1 in the instant consolidated docket suggested that budgeted depreciation and return on the ICE project is forecasted to increase from \$11,000 in 2012 to \$1,378,000 in 2015 for NS and from \$56,000 in 2012 to \$7,263,000 in 2015 for PGL. *See* PGL Ex. 13.0 at 9:186-188; NS Ex. 13.0 at 9:189-191; AG Ex. 1.0 at 33:722-725.

4. Attachment 1 to the Response shows on page 2 in the "Project O&M and Estimated Future Benefits" section that operations and maintenance ("O&M") costs of the ICE project are [REDACTED], whereas in Docket Nos. 14-0224/14-0225 (cons.), the Companies presented the ICE O&M as normal, recurring expenses that would be incurred on a continuing basis. *See* NS-PGL Ex. 27.0 at 7:145-148: "The majority of the non-labor operation and maintenance costs will begin in 2015 as the software goes in service. Furthermore, with the unpredictability of how expenses might be incurred during four months of one year, it would not be a solid method of establishing precedence for future annual activity."

5. Attachment 1 to the Response shows on page 2 in the "Project O&M and Estimated Future Benefits" section that the 2015 ICE O&M expense allocated to Peoples Gas is approximately [REDACTED] and to North Shore is approximately [REDACTED]. However, in Docket Nos. 14-0224/0225 (cons.), the Companies represented that the 2015 non-labor ICE O&M expense allocated to Peoples Gas is approximately \$9,058,000 (response to data request

PGL AG 1.62, entered as AG Cross Exhibit 5) and to North Shore is approximately \$1,504,000 (response to data request NS AG 1.54). *See* AG Ex. 1.0 at 34:757-761.

6. Attachment 1 indicates that the Companies will

[REDACTED]

[REDACTED] the Companies' statements<sup>4</sup> in the instant rate case that only costs (and no benefits) will be recorded during the test year. Attachment 1 to the Response shows on page 2 in the "Net Incremental Impact to Utilities" section that both PGL and NS will

[REDACTED] from the ICE project in 2015, [REDACTED]. This discrepancy is very significant as the Commission decides how to treat the ICE project in the Companies' 2015 test-year revenue requirements.

7. In total, as discussed above, the ICE-related expenses that the Companies represented in the instant rate case will be billed in 2015 to Peoples Gas and North Shore amount to more than \$19 million – a significant sum that greatly impacts the Companies' respective total revenue requirements. In order for the Commission to properly assess the reasonableness of the Companies' proposed test-year level of expenses related to these ICE costs – specifically ICE Non-Labor expense and ICE Return on Assets and Depreciation – it is imperative that the Commission have the most recent and accurate data supplied by the Companies on these issues.

8. Had AG witness David J. Effron (who testified that the Companies' test-year levels of ICE expense were overstated and unjustified; *see* AG Ex. 1.0 at 32-35) contemporaneously received the information contained in the Companies' Response to data request AG 3.05 in Docket No. 14-0496, he would have discussed the clear discrepancy between

---

<sup>4</sup> *See, e.g.*, PGL response to data request AG 11.08, entered as AG Cross Exhibit 7 ("The baseline plan calls for the ICE savings to be achieved starting in 2016, with no reductions in the 2015 Test Year"); *see also* Tr. at 89:7-11 (statement by PGL witness Tracy Kupsh confirming AG Cross Exhibit 7); PGL response to Staff data request DLH 35.01, entered as AG Cross Exhibit 8 ("there will be no net savings from the ICE project in 2015").

(i) the positions asserted by PGL/NS witness Tracy Kupsh<sup>5</sup> in the instant docket about both the forecasted level of ICE project expense to be incurred in the test year and when savings associated with the project are expected to occur, and (ii) the information supplied in the Joint Applicants' Response in the merger proceeding. At a minimum, the Commission should admit the information to evaluate whether the Companies' position related to these contested expenses is credible.

9. While the Joint Applicants designated Attachment 1 to their response to data request AG 3.05 in Docket No. 14-0496 as confidential, it is unclear what makes these documents confidential. ICE costs have already been publicly released, and much of the information in Attachment 1 to the response to DR AG 3.05 in Docket No. 14-0496 was already included in PGL's response (including attachments) dated March 27, 2014 to Staff data request DLH 13.01 in the instant consolidated docket.

10. Thus, the People hereby move that the Joint Applicants' Response to AG 3.05 from Docket No. 14-0496 with its Attachment 1 be admitted into the record in the instant consolidated docket so that the Reply Briefs in this docket can discuss, and the Commission can then consider, the most recent available information regarding projected test-year costs for the ICE project.

11. In the interest of proposing a schedule, the People suggest that Peoples Gas be required to file a response to this Motion by no later than Friday, October 31, 2014, with a Reply from the People due by Monday, November 3rd. A ruling could then be issued by Tuesday, November 4th, so that the parties could know whether the Docket No. 14-0496 Response and its Attachment 1 discussed above could be discussed in the Reply Briefs due November 5, 2014 in

---

<sup>5</sup> NS Ex. 13.0 at 9; PGL Ex. 13.0 at 9-10; NS-PGL Ex. 27.0 at 6-7; NS-PGL Ex. 41.0 at 5-6; AG Cross Exhibits 5-8; Tr. at 83-92.

the instant consolidated docket. In the alternative, should the ALJs see fit, the date for filing the Reply Briefs in this case could be postponed until after this issue is resolved.

WHEREFORE, for the reasons stated above, the People of the State of Illinois request that the Commission admit the Response to data request AG 3.05 (with its Attachment 1) in Docket No. 14-0496 into the record in the above-captioned consolidated proceeding.

Respectfully submitted,

THE PEOPLE OF THE STATE OF ILLINOIS

By LISA MADIGAN, Attorney General

By: \_\_\_\_\_/s/ \_\_\_\_\_

Karen L. Lusson, Senior Assistant Attorney General  
Sameer H. Doshi, Assistant Attorney General  
Public Utilities Bureau  
100 W. Randolph Street, 11<sup>th</sup> Floor  
Chicago, Illinois 60601  
Telephone: (312) 814-1136 (Lusson)  
(312) 814-8496 (Doshi)  
E-mail: [klusson@atg.state.il.us](mailto:klusson@atg.state.il.us)  
E-mail: [sdoshi@atg.state.il.us](mailto:sdoshi@atg.state.il.us)

October 30, 2014